

VAN BUREN COUNTY, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2011

VAN BUREN COUNTY, IOWA

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VAN BUREN COUNTY, IOWA

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Marvin S. Phillips	Board of Supervisors	January 2013
Ted Nixon	Board of Supervisors	January 2015
Mark Meek	Board of Supervisors	January 2015
Jon P. Finney	County Auditor	January 2013
Tanya McQuoid	County Treasurer	January 2015
D. Ann Skaggs	County Recorder	January 2015
Dan Tedrow	County Sheriff	January 2013
H. Craig Miller	County Attorney	January 2015
Dixie Sanders	County Assessor	January 2014

INDEPENDENT AUDITOR'S REPORT

To the Officials of Van Buren County, Iowa:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Van Buren County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Van Buren County, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Van Buren County, Iowa at June 30, 2011, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2011 on our consideration of Van Buren County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 9 and 29 through 32 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Van Buren County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information

included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
December 22, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Van Buren County, Iowa, provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- The County's Governmental funds' revenues increased by \$434,945 from fiscal 2010 to fiscal 2011. Changes for services increased by \$148,613 and intergovernmental revenues increased by \$333,364.
- The County's Governmental funds' expenditures decreased by \$645,789 from fiscal year 2010. Roads and transportation expenditures made up the largest decrease at \$811,264. Expenditure decreases were due to the inventory adjustment for crushed rock.
- The County's Governmental Funds ending fund balances increased by 19.7%, or \$598,655 from June 30, 2010 to June 30, 2011.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Van Buren County, Iowa as a whole and present an overall view of the County's finances.

The Fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Van Buren County, Iowa's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Van Buren County, Iowa acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year and a schedule of funding progress for the retiree health plan.

Other Supplementary Information provides detailed information about the nonmajor governmental funds and the individual agency funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has two kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include:

1. The General Fund,
2. The Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads,

These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Van Buren County, Iowa's combined net assets increased from \$12,456,779 to \$12,601,838. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Current and other assets	\$ 6,370,048	\$ 5,693,668
Capital assets	<u>9,280,574</u>	<u>9,744,452</u>
Total assets	<u>15,650,622</u>	<u>15,438,120</u>
Long-term liabilities	211,194	210,453
Other liabilities	<u>2,837,590</u>	<u>2,770,888</u>
Total liabilities	<u>3,048,784</u>	<u>2,981,341</u>
Net assets:		
Invested in capital assets, net of related debt	9,280,574	9,744,452
Restricted	2,206,139	2,167,920
Unrestricted	<u>1,115,125</u>	<u>544,407</u>
Total net assets	\$ <u>12,601,838</u>	\$ <u>12,456,779</u>

Net assets of Van Buren County, Iowa's governmental activities increased by \$145,059 (\$12,601,838 compared to \$12,456,779). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements) increased from \$544,407 at June 30, 2010 to \$1,115,125 at June 30, 2011, an increase of 105%.

Changes in Net Assets of Governmental Activities

	<u>Year ended June 30, 2011</u>	<u>Year ended June 30, 2010</u>
Revenues:		
Program revenues:		
Charges for service	\$ 609,679	\$ 487,055
Operating grants, contributions and restricted interest	3,750,562	3,462,037
General revenues:		
Property and other County tax	1,665,642	1,647,539
Penalty and interest on property tax	38,305	39,476
State tax credits	138,575	165,404
Local option sales tax	278,555	262,849
Unrestricted investment earnings	63,588	68,897
Other general revenues	<u>212,890</u>	<u>170,063</u>
Total revenues	<u>6,757,796</u>	<u>6,303,320</u>

Program expenses:		
Public safety and legal services	1,104,675	1,054,937
Physical health and social services	599,820	587,008
Mental health	454,151	514,325
County environment and education	536,875	469,462
Roads and transportation	3,031,994	3,788,571
Governmental services to residents	314,302	323,887
Administration	570,471	584,948
Non-program	449	86
Total expenses	<u>6,612,737</u>	<u>7,323,224</u>
Change in net assets	145,059	(1,019,904)
Net assets beginning of year	<u>12,456,779</u>	<u>13,476,683</u>
Net assets end of year	\$ <u>12,601,838</u>	\$ <u>12,456,779</u>

The County's property tax asking for the 2011 fiscal year remained the same as fiscal year 2010. This followed the previous year's increase of \$42,477 or 1.8% in property tax asking. The property tax asking for fiscal year 2012 was set at \$2,530,346, an increase of 8.7% from fiscal year 2011.

INDIVIDUAL MAJOR FUND ANALYSIS

As Van Buren County, Iowa completed the year, its governmental funds reported a combined fund balance of \$3,630,268, an increase of \$598,655 compared to last year's total of \$3,031,613. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures were \$2,812,798 and \$2,676,182, respectively. The ending fund balance showed an increase of \$134,098 from the prior year to \$1,269,623.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$439,316, a decrease of 12% from the prior year. The Mental Health Fund balance at year end increased by \$90,146 from the prior year.
- Rural Services Fund revenues increased by \$11,729 from the prior year and expenditures increased by \$11,081 and a resulting decrease in ending fund balance of \$42,699 for the year ended June 30, 2011.
- Secondary Roads Fund expenditures decreased by \$669,035 over the prior year. This decrease is due to completion of various projects. This decrease in expenditures resulted in an increase in the Secondary Roads Fund ending balance of \$487,407, or 47%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Van Buren County, Iowa amended its budget three times. The amendments were made on January 24, 2011, May 2, 2011 and May 23, 2011 and resulted in an increase in budgeted disbursements of \$787,300 primarily related to pass-thru grants that were not anticipated at the time the original budget was adopted.

Even with these amendments, the County underspent the original total budgeted amount of \$6,920,396 by \$8,627 for the year ended June 30, 2011.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011 Van Buren County, Iowa had \$9,280,574 invested in a broad range of capital assets (net of depreciation), including public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease (including additions and deletions) of \$463,878, or 4.8% less than last year.

Capital Assets of Governmental Activities at Year End

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Land	\$ 1,179,587	\$ 1,179,587
Buildings and improvements	1,241,576	1,315,743
Equipment and vehicles	1,607,699	1,800,340
Infrastructure	5,071,637	5,430,047
Construction in progress	<u>180,075</u>	<u>18,735</u>
Total	\$ <u>9,280,574</u>	\$ <u>9,744,452</u>

The County had depreciation expense of \$665,722 in fiscal year 2011 and total accumulated depreciation of \$6,816,422 at June 30, 2011, compared to total accumulated depreciation of \$6,178,991 at June 30, 2010.

The County's fiscal year 2011 capital budget as amended included \$466,600 for capital projects, principally for road and bridge improvements. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2011, Van Buren County, Iowa had no general obligation bonds or other debt other than compensated absences, net OPEB liability and an estimated liability for landfill postclosure care costs.

Outstanding Debt of Governmental Activities at Year-End

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Landfill postclosure costs	\$ 195,000	\$ 210,000
Compensated absences	145,234	141,059
Net OPEB Liability	<u>31,194</u>	<u>15,453</u>
Total	\$ <u>371,428</u>	\$ <u>366,512</u>

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Van Buren County, Iowa's constitutional debt limit for the fiscal year 2011 is \$21,675,825. Compensated absences include accrued vacation pay and sick leave. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Van Buren County, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates, and the fees that will be charged for various County activities. One of those factors is the economy. The County's official population for 2010 shows a decrease of 239, from the official 2000 census, after an increase of 124 from the official 1990 to 2000 census. Unemployment in the County now stands at 6.5% versus 8.4% a year ago. This compares with the State's unemployment rate of 5.7% and the national rate of 8.6%.

Inflation in the State was slightly lower than the national Consumer Price Index increase. The State's CPI increase was 3.3% for the 12 month period ending November, 2011 compared with the national rate of 3.4%. Inflation has been modest here due in part to the slowing of the residential housing market and modest increases in energy and food prices in 2010-2011.

These indicators were taken into account when adopting the budget for fiscal year 2012. Amounts available for appropriation in the operating budget are \$7,470,286, a decrease of 3% from the final amended fiscal year 2011 budget. The amount of revenue to support the above expenditures is projected to increase 4.5% from the final amended fiscal year 2011 budget to \$7,404,744. Property and other County taxes supporting the fiscal year 2012 budget increased \$153,965 from the final amended fiscal year 2011 budget and makes up 38% of the revenue for the fiscal year 2012 budgeted expenditures.

Decreases in roads and transportation, physical health and social services, and county environment and education expenditures make up the majority of the budgeted decrease in expenditures for fiscal year 2012. The County has added no major new programs or initiatives to the 2012 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of the fiscal year 2012 by \$65,542, leaving an overall reserve of approximately 35% of budgeted fiscal year 2012 expenditures.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Van Buren County, Iowa's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Van Buren County, Iowa Auditor's Office, 406 Dodge St., Keosauqua, Iowa.

VAN BUREN COUNTY, IOWA

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Governmental Activities
<u>ASSETS:</u>	
Cash and pooled investments	\$ 2,601,929
Receivables:	
Property tax:	
Delinquent	62,882
Succeeding year	2,527,675
Accounts	23,327
Accrued interest	882
Due from other governments	260,640
Inventories	855,043
Prepaid expenses	37,670
Capital assets (net of accumulated depreciation)	9,280,574
TOTAL ASSETS	<u>15,650,622</u>
<u>LIABILITIES:</u>	
Accounts payable	60,963
Salaries and benefits payable	21,859
Due to other governments	66,859
Deferred revenue:	
Succeeding year property tax	2,527,675
Long-term liabilities:	
Portion due and payable within one year:	
Compensated absences	145,234
Estimated liability for landfill post closure	15,000
Portion due and payable after one year:	
Estimated liability for landfill post closure	180,000
Net OPEB obligation	31,194
TOTAL LIABILITIES	<u>3,048,784</u>
<u>NET ASSETS:</u>	
Invested in capital assets, net of related debt	9,280,574
Restricted for:	
Supplemental levy	219,215
Mental health	269,341
Rural services	81,922
Secondary roads	1,521,637
Other purposes	114,024
Unrestricted	1,115,125
TOTAL NET ASSETS	<u>\$ 12,601,838</u>

VAN BUREN COUNTY, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	
Governmental activities:				
Public safety and legal services	\$ 1,104,675	\$ 160,037	\$ 25,006	\$ (919,632)
Physical health and social services	599,820	233,171	113,053	(253,596)
Mental health	454,151	-	508,259	54,108
County environment and education	536,875	113,933	549,803	126,861
Roads and transportation	3,031,994	1,910	2,547,665	(482,419)
Governmental services to residents	314,302	96,080	-	(218,222)
Administration	570,471	4,548	6,776	(559,147)
Non program	449	-	-	(449)
Total	\$ 6,612,737	\$ 609,679	\$ 3,750,562	(2,252,496)
General revenues:				
Property and other County tax levied for:				
General purposes				1,665,642
Penalty and interest on property tax				38,305
State tax credits				138,575
Local option sales tax				278,555
Unrestricted investment earnings				63,588
Miscellaneous				215,511
Loss on disposal of capital assets				(2,621)
Total general revenues				2,397,555
Change in net assets				145,059
Net assets - Beginning of year				12,456,779
Net assets - End of year				\$ 12,601,838

VAN BUREN COUNTY, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

ASSETS	General	Special Revenue			Nonmajor Governmental Funds	Total
		MH-DD Services	Rural Services	Secondary Roads		
Cash and pooled investments	\$ 1,229,347	\$ 308,663	\$ 57,831	\$ 528,914	\$ 477,174	\$ 2,601,929
Receivables:						
Property tax:						
Delinquent	59,668	1,716	1,498	-	-	62,882
Succeeding year	1,814,034	272,776	440,865	-	-	2,527,675
Accounts	11,198	-	737	10,832	560	23,327
Accrued interest	776	-	-	-	106	882
Due from other governments	50,531	5,214	25,355	167,850	11,690	260,640
Inventories	-	-	-	855,043	-	855,043
Prepaid expenses	34,884	543	-	2,243	-	37,670
TOTAL ASSETS	\$ 3,200,438	\$ 588,912	\$ 526,286	\$ 1,564,882	\$ 489,530	\$ 6,370,048
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts payable	\$ 26,789	\$ 7,614	\$ 1,799	\$ 24,371	\$ 390	\$ 60,963
Salaries and benefits payable	8,990	-	223	12,646	-	21,859
Due to other governments	21,737	37,499	-	6,228	1,395	66,859
Deferred revenue:						
Succeeding year property tax	1,814,034	272,776	440,865	-	-	2,527,675
Other	59,265	1,682	1,477	-	-	62,424
TOTAL LIABILITIES	1,930,815	319,571	444,364	43,245	1,785	2,739,780
<u>FUND BALANCES:</u>						
Restricted for:						
Supplemental levy	219,215	-	-	-	-	219,215
Mental Health	-	269,341	-	-	-	269,341
Rural services	-	-	81,922	-	-	81,922
Secondary Roads	-	-	-	1,521,637	-	1,521,637
Other purposes	-	-	-	-	114,024	114,024
Assigned	-	-	-	-	36,000	36,000
Unassigned	1,050,408	-	-	-	337,721	1,388,129
Total fund balances	1,269,623	269,341	81,922	1,521,637	487,745	3,630,268
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,200,438	\$ 588,912	\$ 526,286	\$ 1,564,882	\$ 489,530	\$ 6,370,048

VAN BUREN COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total governmental fund balances	\$ 3,630,268
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$16,096,996 and the accumulated depreciation is \$6,816,422.	9,280,574
Because some revenues will not be collected for several months after year end they are deferred in the governmental funds.	62,424
Long-term liabilities, including estimated liability for landfill postclosure costs, net OPEB obligation and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(371,428)</u>
Net assets of governmental activities	\$ <u>12,601,838</u>

VAN BUREN COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General	Special Revenue			Nonmajor Governmental Funds	Total
		MH-DD Services	Rural Services	Secondary Roads		
REVENUES:						
Property and other County tax	\$ 1,650,444	\$ 262,285	\$ 608,259	\$ -	\$ -	\$ 2,520,988
Interest and penalty on property tax	38,305	-	-	-	-	38,305
Intergovernmental	610,680	267,177	58,278	2,547,665	12,442	3,496,242
Licenses and permits	11,537	-	-	1,910	-	13,447
Charges for service	300,557	-	26,766	-	87,602	414,925
Use of money and property	104,728	-	-	-	5,876	110,604
Miscellaneous	96,547	-	10,738	31,086	12,337	150,708
Total revenues	<u>2,812,798</u>	<u>529,462</u>	<u>704,041</u>	<u>2,580,661</u>	<u>118,257</u>	<u>6,745,219</u>
EXPENDITURES:						
Current:						
Public safety and legal services	1,067,358	-	6,042	-	-	1,073,400
Physical health and social services	589,242	-	-	-	-	589,242
Mental health	-	439,316	-	-	-	439,316
County environment and education	202,748	-	147,564	-	19,440	369,752
Roads and transportation	-	-	-	2,515,545	-	2,515,545
Governmental services to residents	288,197	-	810	-	-	289,007
Administration	528,188	-	7,353	-	-	535,541
Non Program	449	-	-	-	-	449
Capital projects	-	-	-	162,680	171,632	334,312
Total expenditures	<u>2,676,182</u>	<u>439,316</u>	<u>161,769</u>	<u>2,678,225</u>	<u>191,072</u>	<u>6,146,564</u>
Excess (deficiency) of revenues over (under) expenditures	<u>136,616</u>	<u>90,146</u>	<u>542,272</u>	<u>(97,564)</u>	<u>(72,815)</u>	<u>598,655</u>
Other financial sources (uses):						
Transfers in	2,482	-	-	584,971	5,000	592,453
Transfers out	(5,000)	-	(584,971)	-	(2,482)	(592,453)
Total other financing sources (uses)	<u>(2,518)</u>	<u>-</u>	<u>(584,971)</u>	<u>584,971</u>	<u>2,518</u>	<u>-</u>
Net change in fund balances	134,098	90,146	(42,699)	487,407	(70,297)	598,655
Fund balances - Beginning of year	<u>1,135,525</u>	<u>179,195</u>	<u>124,821</u>	<u>1,034,230</u>	<u>558,042</u>	<u>3,031,613</u>
Fund balances - End of year	\$ <u>1,269,623</u>	\$ <u>269,341</u>	\$ <u>81,922</u>	\$ <u>1,521,637</u>	\$ <u>487,745</u>	\$ <u>3,630,268</u>

VAN BUREN COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Net change in fund balances - Total governmental funds \$ 598,655

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded expenditures in the current year as follows:

Expenditures for capital assets	\$ 204,465	
Depreciation expense	<u>(665,722)</u>	(461,257)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets		15,000
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Because some revenues will not be collected for several months after year end they are deferred in the governmental funds		15,198
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	(4,175)	
Other Post employment benefits	<u>(15,741)</u>	(19,916)

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the sale as an increase in financial resources		<u>(2,621)</u>
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Change in net assets of governmental activities		\$ <u>145,059</u>
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VAN BUREN COUNTY, IOWASTATEMENT OF FIDUCIARY ASSETS AND LIABILITIESAGENCY FUNDSJUNE 30, 2011ASSETS

Cash and pooled investments:		
County Treasurer	\$	800,300
Other County officials		34,579
Accounts receivable		2,752
Property tax receivable:		
Delinquent		45,407
Succeeding year		6,159,920
Accrued interest		57
Due from other governments		7,042
Prepaid expenses		6,588
	TOTAL ASSETS	<u>7,056,645</u>

LIABILITIES

Accounts payable		3,247
Due to other governments		7,042,037
Salaries and benefits payable		183
Trusts payable		11,178
	TOTAL LIABILITIES	<u>7,056,645</u>
	NET ASSETS	\$ <u>-</u>

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Van Buren County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Van Buren County, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Van Buren County, Iowa (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

A drainage district has been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although this district is legally separate from the County, it is controlled, managed and supervised by the Fox River Drainage Board. The drainage district is reported as an Agency Fund. Financial information about the drainage district can be obtained from the Van Buren County Auditor's office.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Van Buren County Assessor's Conference Board, Van Buren County Joint Disaster Services Commission and Van Buren County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets – result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From this fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The MH-DD Services Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads fund is used to account for secondary road construction and maintenance.

Additionally, the County reports the following funds:

Fiduciary Funds:

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.

When an expenditure is incurred in the governmental funds which can be paid using either restricted or unrestricted resources. The County's policy is to pay the expenditure from the restricted fund balance and then from less restrictive classifications committed, assigned and the unassigned fund balances.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	5,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Infrastructure	30-50
Buildings and improvements	40-50
Intangibles	2-20
Equipment	2-20
Vehicles	3-10

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represent amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable and other receivables not collected within 60 days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General and Secondary Roads Funds.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not include in other classifications.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

NOTE 2: CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest Rate Risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

NOTE 3: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Maribah Reubel Trust	\$ 2,482
Special Revenue: Secondary Roads	Special Revenue: Rural Services	584,971
Indian Creek Watershed	General	<u>5,000</u>
	Total	\$ <u>592,453</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases and Transfers	Decreases and Transfers	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 1,179,587	\$ -	\$ -	\$ 1,179,587
Construction in progress	<u>18,735</u>	<u>161,340</u>	<u>-</u>	<u>180,075</u>
Total capital assets not being depreciated/amortized	<u>1,198,322</u>	<u>161,340</u>	<u>-</u>	<u>1,359,662</u>
Capital assets being depreciated/ amortized:				
Buildings and improvements	2,981,296	-	-	2,981,296
Equipment and vehicles	4,526,899	43,125	30,912	4,539,112
Infrastructure	<u>7,216,926</u>	<u>-</u>	<u>-</u>	<u>7,216,926</u>
Total capital assets being depreciated/amortized	<u>14,725,121</u>	<u>43,125</u>	<u>30,912</u>	<u>14,737,334</u>
Less accumulated depreciation/ amortization for:				
Buildings and improvements	1,665,553	74,167	-	1,739,720
Equipment and vehicles	2,726,559	233,145	28,291	2,931,413
Infrastructure	<u>1,786,879</u>	<u>358,410</u>	<u>-</u>	<u>2,145,289</u>
Total accumulated depreciation/amortization	<u>6,178,991</u>	<u>665,722</u>	<u>28,291</u>	<u>6,816,422</u>
Total capital assets being depreciated/amortized, net	<u>8,546,130</u>	<u>(622,597)</u>	<u>2,621</u>	<u>7,920,912</u>
Governmental activities capital assets, net	\$ <u>9,744,452</u>	\$ <u>(461,257)</u>	\$ <u>2,621</u>	\$ <u>9,280,574</u>

Depreciation/amortization expense was charged to the following functions:

Governmental Activities:	
Public safety and legal services	\$ 67,163
Physical health and social services	8,107
Mental health	13,992
County environment and education	11,681
Roads and transportation	510,919
Governmental services to residents	23,310
Administration	<u>30,550</u>
Total depreciation/amortization expense - Governmental activities	\$ <u>665,722</u>

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 5: DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Services and Collections and Delinquent Property Taxes</u>	<u>Succeeding Year Property Taxes</u>	<u>Total</u>
General	\$ 21,737	\$ -	\$ 21,737
Special Revenue:			
MH-DD Services	37,499	-	37,499
Secondary Roads	6,228	-	6,228
Recorder's Funds	811	-	811
Strieber Trust	584	-	584
	<u>66,859</u>	<u>-</u>	<u>66,859</u>
Trust and Agency:			
Townships	3,647	137,249	140,896
County Assessor	43,020	69,296	112,316
Schools	135,324	4,174,385	4,309,709
Area School	7,527	229,515	237,042
Corporations	27,566	619,710	647,276
County Hospital	23,326	704,382	727,708
County Hospital Ambulance	110,881	59,977	170,858
E-911	129,375	-	129,375
Auto License and Use Tax	149,665	-	149,665
Drainage Districts	154,711	-	154,711
All other	97,075	165,406	262,481
	<u>882,117</u>	<u>6,159,920</u>	<u>7,042,037</u>
	\$ <u>948,976</u>	\$ <u>6,159,920</u>	\$ <u>7,108,896</u>

NOTE 6: LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	<u>Estimated Liability for Landfill Postclosure Care Costs</u>	<u>Compensated Absences</u>	<u>Net OPEB Liability</u>	<u>Total</u>
Balance – Beginning of year	\$ 210,000	\$ 141,059	\$ 15,453	\$ 366,512
Increases	-	145,234	15,741	160,975
Decreases	<u>15,000</u>	<u>141,059</u>	<u>-</u>	<u>156,059</u>
Balance – End of year	<u>195,000</u>	<u>145,234</u>	<u>31,194</u>	<u>371,428</u>
Due within one year	\$ <u>15,000</u>	\$ <u>145,234</u>	\$ <u>-</u>	\$ <u>160,234</u>

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 6: LONG-TERM LIABILITIES (Continued)

Postclosure Care Costs

To comply with Federal and State regulations, the County is required to perform certain maintenance and monitoring functions at its landfill site for 30 years after closure. Although postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these postclosure care costs as a liability based on landfill capacity used as of each balance sheet date. The \$195,000 reported as estimated liability for landfill postclosure care costs at June 30, 2011 represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. This amount is based on what it would cost to perform all postclosure care during the year ended June 30, 2011. The County closed the landfill in 1994. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

State regulations require solid waste landfills to demonstrate financial responsibility for the costs of postclosure care. The County established a designated sinking fund for the annual cost of monitoring the closed landfill which is being funded by an annual assessment of \$26,016 to the participating members of the landfill, including the County. Any future excess of monitoring expenditures over the annual assessment will be added to the following year's assessment to the participating members.

NOTE 7: PENSION AND RETIREMENT BENEFITS

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$177,681, \$159,799 and \$146,475, respectively, equal to the required contributions for each year.

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description. The County operates a single-employer retiree benefits plan which provides medical/prescription drug benefits for retirees and their spouses. There are 55 active and 2 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded medical plan administered by Wellmark. Retirees under age 66 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2011, the amounts actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$	40,341
Interest on net OPEB obligation		618
Adjustment to annual required contribution		<u>(330)</u>
Annual OPEB cost		40,629
Contributions made		<u>(24,888)</u>
Increase in net OPEB obligation		15,741
Net OPEB obligation beginning of year		<u>15,453</u>
Net OPEB obligation end of year	\$	<u>31,194</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the County contributed \$10,227 to the medical plan. Plan members eligible for benefits contributed \$14,661, or 59% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 40,341	61.7 %	\$ 15,453
2011	40,629	61.3	31,194

Funded Status and Funding Progress: As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$398,996, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$398,996. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,083,676 and the ratio of the UAAL to covered payroll was 19.2%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2009 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions includes a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Mortality rates are from the RP2000 Combined Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were determined using guidance from GASB 45 related to the use of the alternate method.

Projected claim costs of the medical plan are \$430 per month for retirees and \$1,076 per month for retirees and their spouses. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 9: RISK MANAGEMENT

Van Buren County, Iowa has entered into an agreement, as allowed by Chapter 331.301 of the Code of Iowa, to become a member in a local government risk pool to protect the County against tort liability, injuries to employees and other risks associated with County operations. The risk pool was created for the purposes of providing and maintaining self-insurance benefits on a group basis substantially at cost. There have been no reductions in insurance coverage from prior years.

Each member County is responsible for the payment of member contributions to the risk pool on an annual basis. Member contributions to the risk pool are recorded as expenditures from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery.

The risk pool is responsible for paying the premiums on the insurance policies when due; to pay claims in accordance with the various coverages and to make other payments as required by applicable law; to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the risk pool; and to pay all reasonable and necessary expenses for administering the risk pool and fund.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2011 were \$106,850.

Initial risk of loss for the self-insured coverage is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2011, which covers exposures of specific losses in excess of \$750,000 per occurrence up to the statutory limits for workers' compensation, including the retention of the pool, and in excess of \$250,000 per occurrence with excess of \$1,000,000, including the retention of the pool, for general liability. The policy obtained for the year ended June 30, 2011, covered exposures of \$750,000 and \$250,000, respectively, up to the above stated maximums including retention of the pool. The pool also provides general liability and property coverage of up to \$400,000 and \$100,000, respectively. Any claims in excess of these coverages are also reinsured. The risk pool fund records a liability for unpaid claims based on estimates for the costs of individual cases of losses and claims reported to year end, plus a provision for losses incurred but not yet reported. The estimates are based on the experience of similar organizations as determined by Arthur J. Gallagher and Co., the pool's service agent. At June 30, 2011, the risk pool fund reported a surplus of pool assets over liabilities.

Member Counties retain the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool, by means of an assessment that would be charged to the member County in addition to the premium contributions. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance company coverage since commencement of the risk pool.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 9: RISK MANAGEMENT (Continued)

Initial membership into the risk pool is for a mandatory five year period. Subsequent to the initial term, a member County may withdraw at the end of any given fiscal year. The initial membership period for Van Buren County, Iowa commenced July 1, 1987 and ended June 30, 1992.

The County also carries commercial insurance purchased from other insurers for coverage associated with an employee blanket bond. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10: COUNTY CARE FACILITY

The County had an agreement with Center Village, Inc. which allowed Center Village, Inc. to manage and operate the Van Buren County Care Facility. The County leased the Care Facility site to Center Village, Inc. at no cost. The agreement remained in force until June 30, 2010. Beginning July 1, 2010, Center Village, Inc. began making monthly payments of \$3,000 to the County, but they will also start billing Van Buren County residents for staying at the facility. Van Buren County will be responsible for paying the County's share of these bills. This new agreement with Center Village, Inc. expires on June 30, 2013.

NOTE 11: EVALUATION OF SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through December 22, 2011, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

VAN BUREN COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

	Governmental Fund Types	Budgeted Amounts		Final to Actual Variance
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	
<u>RECEIPTS:</u>				
Property and other County tax	\$ 2,513,582	\$ 2,530,022	\$ 2,530,022	\$ (16,440)
Interest and penalty on property tax	38,124	30,510	30,510	7,614
Intergovernmental	3,506,625	3,801,241	3,902,241	(395,616)
Licenses and permits	12,957	10,750	10,750	2,207
Charges for service	337,487	239,930	239,930	97,557
Use of money and property	147,258	123,950	123,950	23,308
Miscellaneous	<u>149,135</u>	<u>188,650</u>	<u>247,650</u>	<u>(98,515)</u>
Total receipts	<u>6,705,168</u>	<u>6,925,053</u>	<u>7,085,053</u>	<u>(379,885)</u>
<u>DISBURSEMENTS:</u>				
Public safety and legal services	1,076,445	1,044,418	1,098,418	21,973
Physical health and social services	618,294	813,295	940,195	321,901
Mental health	468,470	573,070	573,070	104,600
County environment and education	374,050	516,042	516,042	141,992
Roads and transportation	3,201,472	2,835,000	3,235,000	33,528
Governmental services to residents	295,225	293,288	299,288	4,063
Administration	543,905	559,983	577,383	33,478
Non-program	449	1,700	1,700	1,251
Capital projects	<u>333,459</u>	<u>283,600</u>	<u>466,600</u>	<u>133,141</u>
Total disbursements	<u>6,911,769</u>	<u>6,920,396</u>	<u>7,707,696</u>	<u>795,927</u>
Excess (deficiency) of receipts over (under) disbursements	(206,601)	4,657	(622,643)	416,042
Other financing sources, net	-	6,100	6,100	(6,100)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(206,601)	10,757	(616,543)	409,942
<u>BALANCE - Beginning of year</u>	<u>2,808,098</u>	<u>2,038,468</u>	<u>2,038,468</u>	<u>769,630</u>
<u>BALANCE - End of year</u>	<u>\$ 2,601,497</u>	<u>\$ 2,049,225</u>	<u>\$ 1,421,925</u>	<u>\$ 1,179,572</u>

VAN BUREN COUNTY, IOWA

BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

	<u>Governmental Funds</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 6,705,168	\$ 40,051	\$ 6,745,219
Expenditures	<u>6,911,769</u>	<u>765,205</u>	<u>6,146,564</u>
Net	(206,601)	806,256	598,655
Beginning fund balances	<u>2,808,098</u>	<u>223,515</u>	<u>3,031,613</u>
Ending fund balances	\$ <u>2,601,497</u>	\$ <u>1,028,771</u>	\$ <u>3,630,268</u>

VAN BUREN COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. The ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregate function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$787,300. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

VAN BUREN COUNTY, IOWA

SCHEDULE OF FUNDING PROGRES FOR THE
RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

<u>Year</u> <u>Ended</u> <u>June 30,</u>	<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b - a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a) / c)</u>
2010	July 1, 2009	\$ -	\$ 398,996	\$ 398,996	0%	\$ 2,034,665	19.6%
2011	July 1, 2009	\$ -	\$ 398,996	\$ 398,996	0%	\$ 2,083,676	19.2%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

VAN BUREN COUNTY, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>REAP</u> <u>Fund</u>	<u>Recorder's</u> <u>Funds</u>	<u>Indian</u> <u>Creek</u> <u>Watershed</u>
<u>ASSETS</u>			
Cash and pooled investments	\$ 14,669	\$ 8,756	\$ 62,094
Receivables:			
Accounts	-	510	-
Accrued interest	3	1	-
Due From Other Governments	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>14,672</u>	\$ <u>9,267</u>	\$ <u>62,094</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ -	\$ -	\$ -
Due to other governments	<u>-</u>	<u>811</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>811</u>	<u>-</u>
<u>FUND BALANCES:</u>			
Restricted for:			
Other purposes	14,672	8,456	62,094
Assigned	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>14,672</u>	<u>8,456</u>	<u>62,094</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>14,672</u>	\$ <u>9,267</u>	\$ <u>62,094</u>

Schedule 1

<u>Solid Waste Closure</u>	<u>Meribah Ruebel Trust</u>	<u>Laura Daugherty Trust</u>	<u>Strieber Trust</u>	<u>Conservation Land Acquisition</u>	<u>Building Improvement Fund</u>	<u>Total</u>
\$ 5,000	\$ 128,629	\$ 11,970	\$ 197,998	\$ 12,058	\$ 36,000	\$ 477,174
-	-	-	-	50	-	560
-	-	-	98	4	-	106
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,690</u>	<u>-</u>	<u>11,690</u>
\$ <u>5,000</u>	\$ <u>128,629</u>	\$ <u>11,970</u>	\$ <u>198,096</u>	\$ <u>23,802</u>	\$ <u>36,000</u>	\$ <u>489,530</u>
\$ -	\$ -	\$ -	\$ 390	\$ -	\$ -	\$ 390
<u>-</u>	<u>-</u>	<u>-</u>	<u>584</u>	<u>-</u>	<u>-</u>	<u>1,395</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>974</u>	<u>-</u>	<u>-</u>	<u>1,785</u>
5,000	-	-	-	23,802	-	114,024
-	-	-	-	-	36,000	36,000
<u>-</u>	<u>128,629</u>	<u>11,970</u>	<u>197,122</u>	<u>-</u>	<u>-</u>	<u>337,721</u>
<u>5,000</u>	<u>128,629</u>	<u>11,970</u>	<u>197,122</u>	<u>23,802</u>	<u>36,000</u>	<u>487,745</u>
\$ <u>5,000</u>	\$ <u>128,629</u>	\$ <u>11,970</u>	\$ <u>198,096</u>	\$ <u>23,802</u>	\$ <u>36,000</u>	\$ <u>489,530</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	<u>REAP</u> <u>Fund</u>	<u>Recorder's</u> <u>Funds</u>	<u>Indian</u> <u>Creek</u> <u>Watershed</u>
<u>REVENUES:</u>			
Intergovernmental	\$ 11,677	\$ -	\$ 765
Charges for service	-	6,982	-
Use of money and property	138	61	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>11,815</u>	<u>7,043</u>	<u>765</u>
<u>EXPENDITURES:</u>			
Operating:			
County environment and education	11,464	7,475	501
Capital projects	<u>9,348</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>20,812</u>	<u>7,475</u>	<u>501</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,997)</u>	<u>(432)</u>	<u>264</u>
Other financing sources (uses):			
Transfers in	-	-	5,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,000</u>
Net change in fund balances	(8,997)	(432)	5,264
Fund balances - Beginning of year	<u>23,669</u>	<u>8,888</u>	<u>56,830</u>
Fund balances - End of year	\$ <u>14,672</u>	\$ <u>8,456</u>	\$ <u>62,094</u>

Schedule 2

<u>Solid Waste Closure</u>	<u>Meribah Ruebel Trust</u>	<u>Laura Daugherty Trust</u>	<u>Strieber Trust</u>	<u>Conservation Land Acquisition</u>	<u>Building Improvement Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,442
-	-	-	-	44,620	36,000	87,602
-	2,371	76	3,079	151	-	5,876
-	200	-	-	12,137	-	12,337
-	2,571	76	3,079	56,908	36,000	118,257
-	-	-	-	-	-	19,440
-	-	-	100,324	61,960	-	171,632
-	-	-	100,324	61,960	-	191,072
-	2,571	76	(97,245)	(5,052)	36,000	(72,815)
-	-	-	-	-	-	5,000
-	(2,482)	-	-	-	-	(2,482)
-	(2,482)	-	-	-	-	2,518
-	2,571	76	(97,245)	(5,052)	36,000	(67,815)
5,000	128,540	11,894	294,367	28,854	-	558,042
\$ 5,000	\$ 131,111	\$ 11,970	\$ 197,122	\$ 23,802	\$ 36,000	\$ 490,227

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2011

	<u>County Offices</u>		
	<u>County Recorder</u>	<u>County Sheriff</u>	<u>County Conservation</u>
<u>ASSETS</u>			
Cash and pooled investments:			
County Treasurer	\$ -	\$ -	\$ -
Other County officials	8,016	11,178	15,385
Receivables:			
Accounts receivable	-	-	-
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accrued interest	-	-	-
Due from other governments	-	-	-
Prepaid expenses	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>8,016</u>	\$ <u>11,178</u>	\$ <u>15,385</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
Due to other governments	8,016	-	15,385
Salaries and benefits payable	-	-	-
Trusts payable	-	11,178	-
	<u>-</u>	<u>11,178</u>	<u>-</u>
TOTAL LIABILITIES	\$ <u>8,016</u>	\$ <u>11,178</u>	\$ <u>15,385</u>

<u>E-911</u>	<u>Emergency Management Services</u>	<u>Drainage Districts</u>	<u>County Hospital</u>	<u>Property Tax Agency</u>	<u>Townships</u>
\$ 120,384	\$ 25,960	\$ 154,705	\$ 18,895	\$ 4,462	\$ 3,201
-	-	-	-	-	-
2,641	-	-	-	-	-
-	-	-	4,431	5	446
-	-	-	704,382	822	137,249
51	-	6	-	-	-
7,042	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 130,118</u>	<u>\$ 25,960</u>	<u>\$ 154,711</u>	<u>\$ 727,708</u>	<u>\$ 5,289</u>	<u>\$ 140,896</u>
\$ 743	\$ -	\$ -	\$ -	\$ -	\$ -
129,375	25,777	154,711	727,708	5,289	140,896
-	183	-	-	-	-
-	-	-	-	-	-
<u>\$ 130,118</u>	<u>\$ 25,960</u>	<u>\$ 154,711</u>	<u>\$ 727,708</u>	<u>\$ 5,289</u>	<u>\$ 140,896</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2011

	<u>Corporations</u>	<u>Schools</u>	<u>Area School</u>	<u>County Assessor</u>	<u>Agriculture Extension Education</u>
<u>ASSETS</u>					
Cash and pooled investments:					
County Treasurer	\$ 17,681	\$ 107,976	\$ 6,083	\$ 42,498	\$ 1,507
Other County officials	-	-	-	-	-
Receivables:					
Accounts receivable	-	-	-	111	-
Property tax:					
Delinquent	9,885	27,348	1,444	436	452
Succeeding year	619,710	4,174,385	229,515	69,296	71,863
Accrued interest	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>647,276</u>	\$ <u>4,309,709</u>	\$ <u>237,042</u>	\$ <u>112,341</u>	\$ <u>73,822</u>
<u>LIABILITIES</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ 25	\$ -
Due to other governments	647,276	4,309,709	237,042	112,316	73,822
Salaries and benefits payable	-	-	-	-	-
Trusts payable	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	\$ <u>647,276</u>	\$ <u>4,309,709</u>	\$ <u>237,042</u>	\$ <u>112,341</u>	\$ <u>73,822</u>

Schedule 3 - (Continued)

<u>Special</u> <u>Appraisers</u>	<u>County</u> <u>Hospital</u> <u>Ambulance</u>	<u>Auto</u> <u>License</u> <u>and Use</u> <u>Tax</u>	<u>Special</u> <u>Assessments</u>	<u>Tax Sale</u> <u>Redemption</u> <u>Trust</u>	<u>Anatomical</u> <u>Gift Public</u> <u>Awareness</u> <u>and</u> <u>Transportation</u>	<u>Total</u>
\$ 29,689	\$ 110,504	\$ 149,665	\$ 2,888	\$ 4,183	\$ 19	\$ 800,300
-	-	-	-	-	-	34,579
-	-	-	-	-	-	2,752
583	377	-	-	-	-	45,407
92,721	59,977	-	-	-	-	6,159,920
-	-	-	-	-	-	57
-	-	-	-	-	-	7,042
<u>6,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,588</u>
<u>\$ 129,581</u>	<u>\$ 170,858</u>	<u>\$ 149,665</u>	<u>\$ 2,888</u>	<u>\$ 4,183</u>	<u>\$ 19</u>	<u>\$ 7,056,645</u>
\$ 2,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,247
127,102	170,858	149,665	2,888	4,183	19	7,042,037
-	-	-	-	-	-	183
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,178</u>
<u>\$ 129,581</u>	<u>\$ 170,858</u>	<u>\$ 149,665</u>	<u>\$ 2,888</u>	<u>\$ 4,183</u>	<u>\$ 19</u>	<u>\$ 7,056,645</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2011

<u>ASSETS AND LIABILITIES</u>	<u>County Offices</u>			<u>E-911</u>
	<u>County Recorder</u>	<u>County Sheriff</u>	<u>County Conservation</u>	
Balances beginning of year	\$ <u>19,824</u>	\$ <u>16,287</u>	\$ <u>12,596</u>	\$ <u>127,033</u>
Additions:				
Property and other County tax	-	-	-	-
State tax credits	-	-	-	-
E911 surcharge	-	-	-	36,874
E911 payments	-	-	-	27,372
Office fees and collections	56,500	2,459	74,107	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Interest income	-	-	-	1,305
Trusts	-	119,354	-	-
Miscellaneous	-	-	-	-
Total additions	<u>56,500</u>	<u>121,813</u>	<u>74,107</u>	<u>65,551</u>
Deductions:				
Agency remittances:				
To other funds	68,308	1,970	16,957	-
To other governments	-	-	-	62,466
Trusts paid out	-	124,952	54,361	-
Total deductions	<u>68,308</u>	<u>126,922</u>	<u>71,318</u>	<u>62,466</u>
Balances end of year	\$ <u>8,016</u>	\$ <u>11,178</u>	\$ <u>15,385</u>	\$ <u>130,118</u>

<u>Emergency Management Services</u>	<u>Drainage Districts</u>	<u>County Hospital</u>	<u>Property Tax Agency</u>	<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>
\$ <u>30,468</u>	\$ <u>144,665</u>	\$ <u>724,473</u>	\$ <u>6,305</u>	\$ <u>131,159</u>	\$ <u>619,273</u>	\$ <u>4,052,296</u>
-	-	680,727	5,796	133,201	600,376	4,041,190
-	-	40,567	47	6,999	35,836	230,599
8,546	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,622	-	-	-	-	-
-	7,618	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>8,546</u>	<u>10,240</u>	<u>721,294</u>	<u>5,843</u>	<u>140,200</u>	<u>636,212</u>	<u>4,271,789</u>
-	-	-	-	-	-	-
13,054	194	718,059	6,859	130,463	608,209	4,014,376
-	-	-	-	-	-	-
<u>13,054</u>	<u>194</u>	<u>718,059</u>	<u>6,859</u>	<u>130,463</u>	<u>608,209</u>	<u>4,014,376</u>
\$ <u>25,960</u>	\$ <u>154,711</u>	\$ <u>727,708</u>	\$ <u>5,289</u>	\$ <u>140,896</u>	\$ <u>647,276</u>	\$ <u>4,309,709</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2011

<u>ASSETS AND LIABILITIES</u>	<u>Area School</u>	<u>County Assessor</u>	<u>Agriculture Extension Education</u>	<u>Special Appraisers</u>
Balances beginning of year	\$ <u>232,587</u>	\$ <u>87,805</u>	\$ <u>57,654</u>	\$ <u>141,018</u>
Additions:				
Property and other County tax	221,918	67,178	70,074	89,784
State tax credits	13,059	3,799	3,235	5,090
E911 surcharge	-	-	-	-
E911 payments	-	-	-	-
Office fees and collections	-	3,895	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Interest income	-	-	-	-
Trusts	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	<u>234,977</u>	<u>74,872</u>	<u>73,309</u>	<u>94,874</u>
Deductions:				
To other funds	-	-	-	-
To other governments	230,522	50,336	57,141	106,311
Trusts paid out	-	-	-	-
Total deductions	<u>230,522</u>	<u>50,336</u>	<u>57,141</u>	<u>106,311</u>
Balances end of year	\$ <u>237,042</u>	\$ <u>112,341</u>	\$ <u>73,822</u>	\$ <u>129,581</u>

<u>County Hospital Ambulance</u>	<u>Auto License and Use Tax</u>	<u>Special Assessments</u>	<u>Tax Sale Redemption Trust</u>	<u>Anatomical Gift Public Awareness and Transportation</u>	<u>Total</u>
\$ 135,618	\$ 156,512	\$ 2,672	\$ 9,267	\$ 4	\$ 6,707,516
57,962	-	-	-	-	5,968,206
3,454	-	-	-	-	342,685
-	-	-	-	-	45,420
-	-	-	-	-	27,372
-	-	-	-	-	136,961
-	1,733,825	-	-	-	1,733,825
-	-	10,059	-	-	12,681
-	-	-	-	-	8,923
-	-	-	132,835	-	252,189
-	-	-	-	122	122
61,416	1,733,825	10,059	132,835	122	8,528,384
-	69,075	-	-	6	156,316
26,176	1,671,597	9,843	-	101	7,705,707
-	-	-	137,919	-	317,232
26,176	1,740,672	9,843	137,919	107	8,179,255
\$ 170,858	\$ 149,665	\$ 2,888	\$ 4,183	\$ 19	\$ 7,056,645

VAN BUREN COUNTY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST NINE YEARS

	Modified Accrual Basis			
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>REVENUES:</u>				
Property and other County tax	\$ 2,520,988	\$ 2,494,844	\$ 2,493,501	\$ 2,184,687
Interest and penalty on property tax	38,305	39,476	34,826	30,425
Intergovernmental	3,496,242	3,162,878	3,089,249	3,458,521
Licenses and permits	13,447	11,885	15,591	13,783
Charges for service	414,925	266,312	238,091	257,904
Use of money and property	110,604	118,121	132,737	180,998
Miscellaneous	<u>150,708</u>	<u>216,758</u>	<u>351,203</u>	<u>163,281</u>
Total	\$ <u>6,745,219</u>	\$ <u>6,310,274</u>	\$ <u>6,355,198</u>	\$ <u>6,289,599</u>
<u>EXPENDITURES:</u>				
Operating:				
Public safety and legal services	\$ 1,073,400	\$ 1,035,114	\$ 972,264	\$ 944,331
Physical health and social services	589,242	574,078	374,866	414,008
Mental health	439,316	499,433	499,071	591,423
County environment and education	369,752	358,344	445,102	376,862
Roads and transportation	2,515,545	3,326,809	2,370,658	3,044,420
Governmental services to residents	289,007	303,257	285,378	291,045
Administration	535,541	562,810	546,942	544,756
Non-program	449	86	-	-
Capital projects	<u>334,312</u>	<u>132,422</u>	<u>23,017</u>	<u>401,419</u>
Total	\$ <u>6,146,564</u>	\$ <u>6,792,353</u>	\$ <u>5,517,298</u>	\$ <u>6,608,264</u>

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 2,205,571	\$ 2,006,201	\$ 2,045,314	\$ 1,913,671	\$ 1,626,591
30,508	27,086	30,226	32,361	32,485
3,073,145	3,064,744	2,991,029	3,001,220	3,222,742
12,091	26,255	32,170	32,994	13,616
210,902	210,593	215,606	222,555	180,490
162,548	120,763	122,058	131,740	138,998
143,839	119,565	109,544	164,268	170,438
<u>\$ 5,838,604</u>	<u>\$ 5,575,207</u>	<u>\$ 5,545,947</u>	<u>\$ 5,498,809</u>	<u>\$ 5,385,360</u>
\$ 931,231	\$ 874,495	\$ 853,684	\$ 777,658	\$ 776,408
426,691	382,600	348,215	367,353	337,499
511,120	556,242	542,826	499,463	511,616
520,941	400,799	298,893	390,250	278,938
2,571,584	2,432,241	1,890,310	2,707,436	2,398,585
263,431	359,341	283,145	243,480	238,593
543,979	480,431	490,847	541,339	485,241
-	-	2,376	1,617	15,762
274,217	371,639	11,095	664,534	734,544
<u>\$ 6,043,194</u>	<u>\$ 5,857,788</u>	<u>\$ 4,721,391</u>	<u>\$ 6,193,130</u>	<u>\$ 5,777,186</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Officials of Van Buren County, Iowa:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Van Buren County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated December 22, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Van Buren County, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Van Buren County, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Van Buren County, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weakness have been identified. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings as item II-A-11 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings as items II-B-11 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Buren County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Van Buren County, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Van Buren County, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Van Buren County, Iowa and other parties to whom the County may report including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Van Buren County, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
December 22, 2011

VAN BUREN COUNTY, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2011

PART I: SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

Significant Deficiencies:

- II-A-11 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that several County employees are involved with cash collections and computer data entry.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the County should review its internal control procedures to obtain the maximum internal control possible under the circumstances.

Response – The internal policies will be reviewed on a regular basis.

Conclusion – Response accepted.

- II-B-11 Time Off – Although all full time County employees earn vacation time, there is currently no County policy that requires employees to take time off.

Recommendation – In an effort to increase the County's internal controls, we suggest that the County adopt a policy that requires employees to take time off.

Response – We will look into adopting a policy that requires employees to take time off without sacrificing service to the community.

Conclusion – Response accepted.

Instances of Non-Compliance:

No matters were noted.

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

- III-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted.
- III-B-11 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- III-C-11 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- III-D-11 Business Transactions – No business transactions between the County and County officials or employees were noted.

VAN BUREN COUNTY, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2011

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING: (Continued)

- III-E-11 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to insure that the coverage is adequate for current operations.
- III-F-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- III-G-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- III-H-11 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- III-I-11 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2011 for the County Extension Office did not exceed the amount budgeted.